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7 Attorneys for Sam S. Leslie,
Chapter 11 Trustee

9 UNITED STATES BANKRUPTCY COURT
10 CENTRAL DISTRICT OF CALIFORNIA
11 LOS ANGELES DIVISION

12 In re

13 COLDWATER DEVELOPMENT, LLC,
A California limited liability company,

14 Debtor and
15 Debtor-in-Possession.

16 In re

17 LYDDA LUD, LLC, a California limited
18 liability company,

19 Debtor and
20 Debtor-in-Possession.

21 ☒ Affects both Debtors.

22 ☐ Affects Coldwater Development LLC only.

23 ☐ Affects Lydda Lud, LLC only.

24 Debtors and
25 Debtors-in-Possession.

Case No. 2:21-bk-10335-BB

Chapter 11

Jointly Administered with
Case No. 2:21-bk-10336-BB

**STIPULATION BETWEEN THE
CHAPTER 7 TRUSTEE AND LC
ENGINEERING GROUP, INC. FOR
TURNOVER OF ESTATE PROPERTY
AND ALLOWANCE OF AN
ADMINISTRATIVE EXPENSE CLAIM**

[No Hearing Required]

1 Sam S. Leslie, the duly appointed Chapter 11 Trustee (the “Trustee”), for the bankruptcy
2 estate (“Estate”) of debtor Coldwater Development, LLC (“Coldwater Debtor”), on the one hand,
3 and claimant LC Engineering Group, Inc. (“LC Engineering”), on the other hand, by and through
4 their respective counsel, hereby enter into this stipulation (the “Stipulation”) with regard to the
5 following facts:

6 RECITALS

7 A. On January 15, 2021 (the “Petition Date”), Coldwater Debtor filed its voluntary
8 petition under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”),
9 commencing the above-captioned bankruptcy case.

10 B. Concurrently, with the filing of Coldwater Debtor’s petition, debtor Lydda Ludd,
11 LLC (“Lydda Debtor,” and together with Coldwater Debtor, “Debtors”) filed a voluntary petition
12 under Chapter 11 of the Bankruptcy Code, commencing bankruptcy case no. 2:21-bk-10336-BB
13 (together with Coldwater Debtor’s bankruptcy case, the “Cases”).

14 C. The Cases are jointly administered pursuant to this Court’s Order entered January 21,
15 2021 in the Cases.

16 D. On December 7, 2021, the Office of the United States Trustee (“OUST”) filed its
17 Application to Appoint a Chapter 11 Trustee in the Cases [Bk. Doc. 191], pursuant to which the
18 OUST sought the immediate appointment of a Chapter 11 Trustee.

19 E. Thereafter, this Court granted the OUST Application and appointed the Trustee in the
20 Cases. On December 7, 2021, the OUST filed its Notice of Appointment of Chapter 11 Trustee
21 [Doc. 193], and pursuant to Court order entered December 7, 2021 [Doc. 195], Sam S. Leslie was
22 appointed Chapter 11 Trustee and continues to serve in that capacity in the Cases.

23 F. Debtors collectively own six (6) highly prized, vacant, residential estate lots, totaling
24 approximately 65.63 acres located in the Santa Monica Mountains above Beverly Hills, California.
25 More specifically, Coldwater Debtor owns two (2) lots identified by Assessor’s Parcel Number
26 4387-021-018 and 4387-021-019, and Lydda Debtor owns four (4) lots identified as Assessor’s
27 Parcel Number 4387-022-001, 4387-022-002, 4387-020-001, 4387-020-009.

28 G. Prior to the Petition Date and on or about January 19, 2019, Coldwater Debtor entered

1 into an agreement (the “Consulting Agreement”) with LC Engineering for LC Engineering to
2 provide professional civil engineering services in connection with a proposed development on a
3 vacant, residential estate lot identified by Assessor’s Parcel Number 4387-021-019, commonly
4 known as 9650 Royaltan Drive, Los Angeles, California (the “Real Property”).

5 H. Section 6 of the Consulting Agreement provides that Coldwater Debtor “is entitled to
6 copies of all final plans, reports, drawings, specifications, and related materials for use in connection
7 with the project specified by this Agreement upon request and full payment of LC’s fees and costs,
8 as long as client is not in default and has met all obligations under this agreement.”

9 I. LC represents and warrants that it has in its possession reports, drawings,
10 specifications, field data, notes, and related materials created pursuant to the Consulting Agreement
11 and the project to which it relates.

12 J. Section 6 further provides that Coldwater Debtor “further agrees that the reports,
13 plans, drawings, specifications, field data, notes, and related materials created and/or generated
14 under this Agreement are specific to the project identified herein and are for the sole use by
15 [Coldwater Debtor] in connection with the specified project.”

16 K. The Trustee contends that based on the foregoing language, the Consulting
17 Agreement provides Coldwater Debtor with a property right to the reports, plans, drawings,
18 specifications, field data, notes, and related materials created and/or generated under the Consulting
19 Agreement and specific to the project (the “Work Product”). Accordingly, the Trustee asserts that
20 the Work Product is property of the Estate pursuant to 11 U.S.C. § 541(a)(1). Additionally, the
21 Work Product constitutes recorded information relating to Coldwater Debtor’s property.

22 L. In Coldwater Debtor’s bankruptcy case, LC Engineering filed Proof of Claim 7-1 (the
23 “Claim”) asserting an unsecured claim in the amount of \$53,036.95 for professional engineering
24 services provided by LC Engineering under the Consulting Agreement.

25 M. Since his appointment, the Trustee, through counsel, has demanded that LC
26 Engineering turnover the Work Product, and asserts that failure to turn over the Work Product is a
27 violation of the automatic stay under 11 U.S.C. § 362.

28

1 N. LC Engineering asserts that the Trustee is not entitled to turnover of the Work
2 Product until the Claim is paid in full and is not in violation of the automatic stay.

3 O. In order to avoid the burden of expense associated with litigation relating to turnover
4 of the Work Product, the parties have engaged in good faith settlement negotiations and have agreed
5 to resolve the dispute regarding to the Work Product as set forth below.

6 **STIPULATION**

7 **WHEREFORE**, the parties hereby agree and stipulate, subject to Court approval:

8 1. The foregoing recitals are incorporated herein by this reference.

9 2. LC Engineering shall turnover the Work Product to the Trustee within one business
10 day of entry on the Court's electronic docket of an order approving this Stipulation. All rights and
11 arguments of the parties regarding ownership and use of the work product and the remaining terms
12 of the Consulting Agreement are reserved and not waived by virtue of this Stipulation.

13 3. The Work Product shall be turned over to the Trustee in electronic format via
14 Dropbox.

15 4. The Claim shall be deemed to be an allowed administrative expense claim pursuant to
16 11 U.S.C. § 503(b).

17 5. The Claim shall be paid in full upon the close of escrow of the Real Property
18 conditioned upon the availability of funds.

19 6. In the event the Court does not approve this Stipulation, then the Stipulation shall be
20 deemed null and void and of no force and effect, and all parties to this Stipulation shall retain all
21 rights they have against each other.

22
23 DATED: March 7, 2022

BG LAW LLP

24
25 By: /s/ Jessica L. Bagdanov

26 David Seror
27 Jessica L. Bagdanov
28 Attorneys for Sam S. Leslie,
Chapter 11 Trustee

1 DATED: March 7, 2022

G&B LAW, LLP

3 By: Douglas M. Neistat
4 Douglas M. Neistat
5 Jeremy Rothstein
6 Attorneys for LC Engineering Group, Inc.
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PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
21650 Oxnard Street, Suite 500, Woodland Hills, CA 91367.

A true and correct copy of the foregoing document entitled: **STIPULATION BETWEEN THE CHAPTER 7 TRUSTEE AND LC ENGINEERING GROUP, INC. FOR TURNOVER OF ESTATE PROPERTY AND ALLOWANCE OF AN ADMINISTRATIVE EXPENSE CLAIM** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On **March 7, 2022**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- **Jessica L Bagdanov** jbagdanov@bg.law, ecf@bg.law
- **Theodore A Cohen** tcohen@sheppardmullin.com, amontoya@sheppardmullin.com
- **Eryk R Escobar** eryk.r.escobar@usdoj.gov
- **M Douglas Flahaut** flahaut.douglas@arentfox.com
- **Eric J Fromme** efromme@tocounsel.com, stena@tocounsel.com
- **Asa S Hami** ahami@sulmeyerlaw.com, pdillamar@sulmeyerlaw.com;pdillamar@ecf.inforuptcy.com;cblair@sulmeyerlaw.com;ahami@ecf.inforuptcy.com
- **Christopher J Harney** charney@tocounsel.com, stena@tocounsel.com
- **Sam S Leslie (TR)** sleslie@trusteeleslie.com, trustee@trusteeleslie.com;C195@ecfcbis.com
- **Daniel A Lev** dlev@sulmeyerlaw.com, ccaldwell@sulmeyerlaw.com;dlev@ecf.inforuptcy.com
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- **Annie Y Stoops** annie.stoops@arentfox.com, yvonne.li@arentfox.com
- **United States Trustee (LA)** ustpreion16.la.ecf@usdoj.gov
- **Dylan J Yamamoto** dylan.yamamoto@arentfox.com
- **Robert M Yaspan** court@yaspanlaw.com, tmenachian@yaspanlaw.com

☐ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL: On **March 7, 2022**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

****JUDGE'S COPY UNDER 25 PAGES IS SUSPENDED (GENERAL ORDER 21-05).**

Honorable Sheri Bluebond
United States Bankruptcy Court
255 East Temple Street, Suite 1534
Los Angeles, CA 90012-3332

Attorneys for LC Engineering Group, Inc.
Douglas M. Neistat
Jeremy Rothstein
G&B Law, LLP
16000 Ventura Boulevard, Suite 1000
Encino, California 91436-2730

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on _____, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

March 7, 2022
Date

JESSICA STUDLEY
Printed Name

/s/ Jessica Studley
Signature